

## **Council 4 AFSCME Testimony – March 7, 2011**

### **PB 5878, AAC Due Diligence in State Quasi-Public Contracting and Job Retention**

Good morning Chairman Slossberg, Chairman Morin and members of the GAE Committee. My name is Brian Anderson. I am the lobbyist for Council 4 AFSCME, a union of 35,000 public and private employee members.

I am here to testify in regards to **PB 5878, AAC Due Diligence in State Quasi-Public Contracting and Job Retention**. It is very advisable to pass such a bill as this that would allow for a true apples to apples comparison of costs between public employee work and that of privateer corporations.

Tom Kirk, the president and person at the top of CRRA's overall operation testified explicitly that he opposes privatization at the Mid-Connecticut Project at a Legislative and Program Review Committee hearing in September, 2008. He said repeatedly at the hearing that he opposes the privatization of this facility, including saying "With private control, a supply-constrained market will allow Connecticut capacity to be used for other states' waste, leaving Connecticut consumers dependent upon and paying more to ship their waste to environmentally less desirable landfills hundreds of miles to the west."

In a case of taking an action directly opposite to what he told the legislature, Mr. Kirk signed a contract to privatize the operation and management of the Mid-Connecticut Project to NAES a Japanese corporation's subsidiary. NAES has never run a Refuse Derived Fuel plant, such as the Mid-CT Project, before. The only trash to energy plant that it has ever run was in Oklahoma. It stopped operating the plant in less than two years time, after which the operation was given over to Covanta corporation. Two year ago the CRRA let two of the four resource recovery facilities, that it was supposed to control, slip into private ownership. The CRRA recently announced that it will transfer ownership of the Lisbon waste to energy plant to the Covanta corporation in 2015. The Mid CT Project, literally the state's last publicly controlled waste to energy plant, is currently run under the supervision of CRRA and MDC government employees. These employees don't serve the profit motive, but the public safety motive.

Now, due to CRRA's action or inaction, two private corporations with troubled histories run most of Connecticut's resources recovery infrastructure

Privatizing the Mid-CT Project will be bad for rate payers and the state's citizens – who CRRA is supposed to serve and protect. This begs if there is any accountability at all at the CRRA, or is there a feeling that because they claim "quasi-public" status, although they are clearly an instrumentality of the state, that they can do anything they wish. A year ago a Courant article by Jon Lender, reporting on the lack of response to major theft of CRRA ratepayer equipment by management, follows a pattern.

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Another example of CRRA lying to the public is the claim that they would not lay off any of the MDC workers and would pay them their current rate of compensation. It is bad enough to lay people off. Yet it is worse to lie to these workers about the fact that CRRA is doing this. It has finally been confirmed by CRRA and NAES that they would pay workers only a wage comparable to their hourly wage, but with inferior health care benefits and the loss of a pension. It is obvious that benefits are part of a worker's pay. To suddenly pretend that they are not is simply put a lie on the part of CRRA. Also, there is no job security or protection. NAES could hire these workers, use them to train others and lay them off at the end of a year.

At its December meeting CRRA board chairman Michael Pace announced that CRRA was going to "empty the coffers" of its financial reserves to provide for a short term lower tipping fee to lure towns to sign contracts. This is probably because CRRA has lost the confidence of over 40 municipalities that used to contract with it and are now exploring creating an alternative to CRRA. Sadly, Mr. Pace and Mr. Kirk are well aware that those reserves will be needed to cover the pension and health care benefits of the MDC workers who have so faithfully worked to make the Mid-CT Project a success. If these reserves are expended who will be on the hook to pay these costs? Because the CRRA is an instrumentality of the state our best guess is that the state will.

I would be happy to answer any questions.